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Russian Federation

Grain and Feed

Ban on Wheat Exports to Belarus

2008

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Report Highlights:

The Government of Russia announced a ban on exports of wheat and meslin to Belarus will be imposed effective March 18, 2008, and will be in effect until April 30, 2008. The measure is intended to preclude circumvention of the 40% ad valorem export tariff on wheat and meslin, since Russia and Belarus enjoy membership in a common customs union.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Moscow [RS1]
[RS]

Summary

The Government of Russia announced a ban on exports of wheat and meslin to Belarus would be imposed effective March 18, 2008, and would be in effect until April 30, 2008. The ban is intended to preclude circumvention of the 40% *ad valorem* export tariff on wheat and meslin, since Russia and Belarus enjoy membership in a common customs union. The text of the decree in the original Russian is available on the Russian government's official web site at:

<http://www.government.ru/government/governmentactivity/rfgovernmentdecisions/archive/2008/02/18/4344904.htm>

Text of the Decree

An informal translation of the decree's text follows.

BEGIN TEXT:

Date: 18 February 2008 12:30

Decree of 15 February 2008 No. 74 On introduction of a temporary ban on export of wheat and meslin, exported from the territory of the Russian Federation into member-states of the Customs Union agreement

In accordance with the Agreement on Customs Union between the Russian Federation and Republic of Belarus of 6 January 1995 and point 1, part 2, article 21 of the Federal Law "On the basis of state regulation of foreign trade activity" the Government of the Russian Federation decrees:

1. To establish a temporary ban on export of wheat and meslin (commodity position 1001), exported from the territory of the Russian Federation into member-states of the agreement on Customs Union.
2. The Ministry of Economic Development and Trade of the Russian Federation jointly with the Ministry of Foreign Affairs of the Russian Federation to inform governments of member-states of the agreements on Customs Union about the introduction of this ban as described in point 1 of this decree and to conduct necessary consultations with them.
3. This decree enters into force upon expiry of one month from the date of official publication and is in effect until 30 April 2008, inclusive.

Chairman of the Government
of the Russian Federation V. Zubkov
END TEXT

Analysis

Russia's imposition of the 40% export tariff effective January 28 created a loophole in the common customs union between Russia and Belarus. By shipping wheat to Belarus, which until March 18 can be done duty-free under terms of the common customs union, traders could conceivably circumvent the export tariff, then re-export the wheat to an onward destination. This prohibition on export of wheat to Belarus will close that loophole. That said, the logistics involved in transshipping bulk grain via Belarus certainly should keep any volumes to a relatively low level.

The lag between announcements of the 40% export tariff and of the ban on exports to Belarus came about due to opposition from the Ministry of Foreign Affairs, which reportedly objected to the export ban on foreign policy grounds.

Some press reports indicate that the ban will extend also to shipment of wheat and meslin to Kazakhstan, which signed a customs union agreement with Russia and Belarus on January 27, 2008. However, though the documents have been signed, operational inclusion of Kazakhstan in the customs union is still pending. It is thus not clear that the export ban affects trade between Russia and Kazakhstan.

Other Relevant Reports

RS8008 Grain and Feed / February Monthly Update

<http://www.fas.usda.gov/gainfiles/200802/146293596.pdf>

RS7096 Grain and Feed / Wheat Export Tariff Raised to 40 Percent

<http://www.fas.usda.gov/gainfiles/200712/146293380.pdf>

RS7070 Russian Government Resolution on Temporary Export Duties on Wheat and Barley

<http://www.fas.usda.gov/gainfiles/200710/146292739.pdf>